The Contribution made by Beer to the European Economy

Norway - March 2020

Europe Economics

The Brewers of Europe

Norway

1 | Country profile

Table 1. Country profile

	2018
Population	5,295,619
Currency	Krone
GDP per capita in PPS (2012, EU28 = 100)	151

Source: Eurostat and National Statistical offices.

2 | Highlights Norway

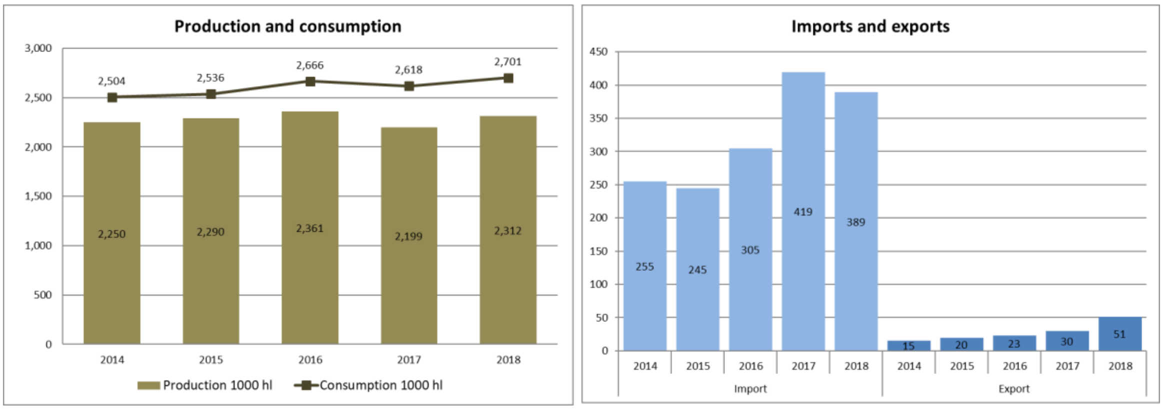
Table 2. Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[-3.6%]	21,284	20,445	20,210	20,512
Value-added (mEuro)	[-4.1%]	1,062	1,007	1,005	1,019
Government revenues (mEuro)	[5.5%]	1,282	1,287	1,303	1,352

Source: Calculations - different sources.

Norway is a beer-importing country, which requires imports to satisfy the national demand. Both consumption and production have been steadily increasing over recent years, whilst imports experienced a significant increase in the last two years.

Figure 2. Evolution of main indicators (2014-2018)



Source: National associations.

3 | A snapshot of the brewing sector

Total production in Norway is reasonable stable and have averaged around 2.3m hectolitres between 2015 and 2018. The sector has increasingly been diverse, with the number of breweries and brewing companies having increased considerably from 101 to 128. The increase in the total number of breweries is driven by the rise in the number of microbreweries (from 76 to 103) and reflects the increasing popularity of craft and other speciality beers.

After ten years of significant growth, the market share of microbreweries declined in 2018 (from 4,5 % in 2017 to 4 % in 2018). This is partly due to a very hot summer that led to extraordinary increase in sales of "mainstream" beer, but also because of some general stagnation in the microbrew market, according to the national beer association.

Table 3. Basic characteristics of the beer sector (2015-2018)

	2015	2016	2017	2018
Total production (in hectolitres)	2,290,000	2,361,000	2,199,000	2,312,000
Brewing companies	96	125	133	125
Breweries (including microbreweries)	101	128	136	128
Microbreweries	76	85	107	103

Source: National Associations.

4 | Looking at the beer market

Total consumption has slightly increased from 2.5m to 2.7m hectolitres in 2018 and this has been translated into higher consumer spending (prices have remained relatively stable over the same period). The share of beer consumption attributed to the hospitality sector has slightly decreased from 20 to 19 per cent. This is higher than the average European country and shows that consumers in Norway tend to buy their beer from retail stores (like supermarkets) instead of buying it from pubs or restaurants.

Table 4. Basic characteristics of the beer market (2015-2018)

	2015	2016	2017	2018
Total consumption in hectolitres	2,536,000	2,666,000	2,618,000	2,701,000
Total consumer spending (in million Euro)	2,269	2,290	2,298	2,350
Consumption of beer per capita (in litres)	49	51	50	51
Beer consumption hospitality	20%	19%	19%	19%
Beer consumption retail	80%	81%	81%	81%
Consumer price hospitality (€ / litre)*	18.46	17.96	18.35	18.18
Consumer price retail (€ / litre)*	6.57	6.39	6.53	6.47

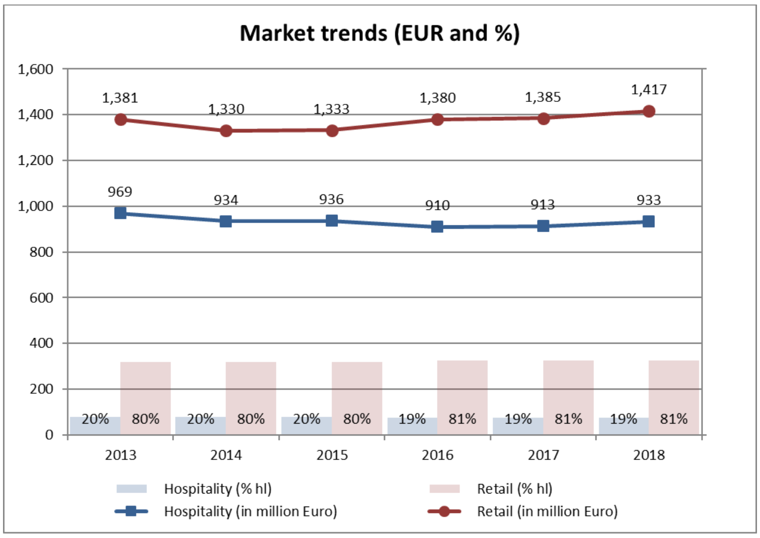
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

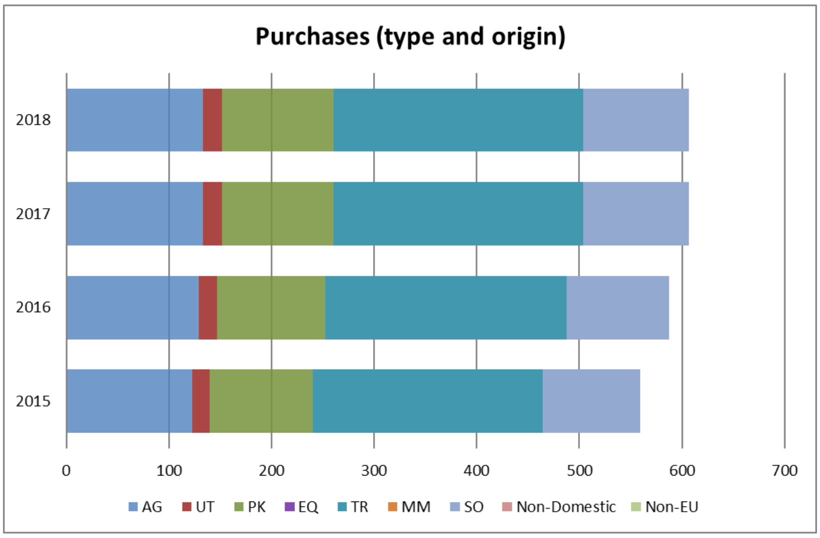
The slight increase in the consumption of beer is taking place in the retail sector while there has been a slight decrease in the hospitality sector as people continue to enjoy beer in their homes instead of bars and restaurants. This is reflected in the value of the market too, this being larger in the retail segment. The general growth in the beer market can also be explained by large companies introducing a growing number of variety in speciality beers, in order to compete directly with the craft segment.

Figure 1.3: Recent consumption trends (2013-2018)



In Norway the total number of purchases has slightly increased since 2015 surpassing slightly €600 million in 2018.

Figure 1.3: Importance up the chain



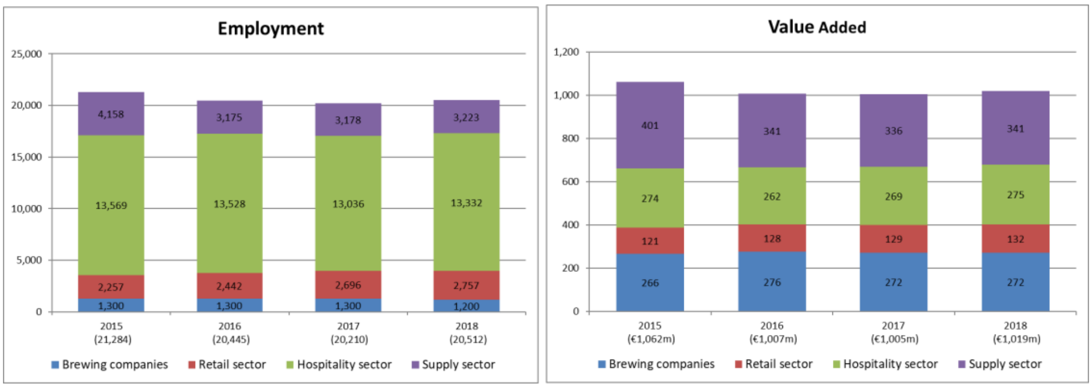
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

6 | The impacts beyond the sector: related jobs and value added

Employment has been concentrated in the hospitality sector in Norway (accounting for more than 64 per cent of total employment) with the supply sector as the next most important sector.

The pattern in value added shows a slight decrease from 2015 to 2018. However, the distribution among the categories is different for value added to that in employment. Supply sector adds the most value with brewing companies and hospitality sector following closely with a similar share.

Figure 1.3: Change in employment and value added (2015-2018).



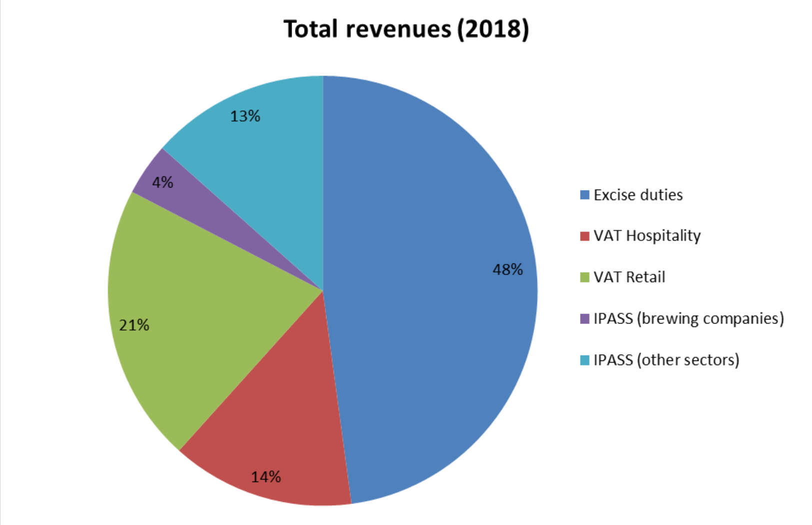
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

The employment in the supply sector can be broken down using the estimates from the responses to the survey to brewers. These imply a job breakdown of: 874 jobs in agriculture, 435 jobs in packaging, 1,337 jobs in transport (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

Norway has one of the highest excise duty rates therefore about 48 per cent of the government revenues are generated through excise duties. VAT revenues are also substantial, in part due to excise duty rates increasing the price of beer and therefore the amount of VAT due.

Figure 1.6: Government revenues generated by beer in 2018



Source: Calculations based on data from Eurostat, and the National Associations.

The beer sector contributes to more than one billion Euros to government revenues. A figure that encompasses all direct and indirect tax revenues associated with the production and distribution and sale of beer. The figure has remained broadly constant in recent years with a light increase from 2015 to 2018.

Table 5. Government revenues, mEuro (2015-2018)

	2015	2016	2017	2018
Excise duties	593	599	612	647
VAT Hospitality	187	182	183	187
VAT Retail	267	276	277	283
IPASS (brewing companies)	55	55	53	53
IPASS (other sectors)	180	175	178	182
Total government revenues	**1,282**	**1,287**	**1,303**	**1,352**

Source: Calculations - different sources.

The beer association in that country remarks how beer is a crucial part of Norwegian culinary culture (and has been so for three thousand years). Beer production also means employment, and growth both directly and indirectly (this is in stark contrast to other alcoholic beverages which are hardy produced in Norway).

The Brewers of Europe

Rue Caroly 23 - 25
1050 Brussels - Belgium

T + 32 (0)2 551 18 10

www.brewersofeurope.org
info@brewersofeurope.org

The Brewers of Europe